

SHALLO, GALLUSCIO, BIANCHI & FUCITO

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

21 NORTH SEVENTH STREET

HUDSON, NEW YORK 12534

DOM SHALLO, CPA
ROBERT GALLUSCIO, CPA
RICK BIANCHI, CPA
SCOTT D. SHALLO, CPA, ESQ.
THOMAS FUCITO, CPA

TELEPHONE (518) 828-6500
FACSIMILE (518) 828-1177

To the Shareholders and
Board of Directors
Friar Tuck Resorts, Inc.
4864 State Route 32
Catskill, New York 12414

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Our audits were conducted for the purpose of forming an opinion on the financial statements of Friar Tuck Resorts, Inc. taken as a whole. The supplementary information shown on pages thirteen and fourteen is presented for purposes of additional analysis and is not a required part of the financial statements of the Company. Such information has been subjected to the auditing procedures applied in the audit of the financial statements. In our opinion, this supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Shallo, Galluscio, Bianchi & Fucito, CPAs, P.C.

SHALLO, GALLUSCIO, BIANCHI & FUCITO
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Hudson, New York
December 14, 2006

NOTTINGHAM VILLAGE DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2006 AND 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Trade Name

The Company's primary purpose is to act as a timesharing sponsor under the name of Nottingham Village Development Corporation. The Company acts as sponsor for two separate Cooperative Corporations as of April 30, 2006 known as Friar Tuck Resorts, Inc. and Buckingham Village Resorts, Inc.

On November 1, 1987 various assets, representing motel units or lodges to be sold under a timeshare offering, were transferred to this corporation at their book value. The property was transferred in exchange for a note payable to Friar Tuck Inn of the Catskills, Inc. At May 1, 1989 various assets, representing the motel units or lodges to be sold, were transferred to Friar Tuck Resorts, Inc. in exchange for 100% of the stock ownership of Friar Tuck Resorts, Inc. (FTR Cooperative).

On May 23, 2005 various assets representing improvements and furnishings to motel rooms and lodges were transferred to Buckingham Village, Resorts, Inc. in exchange for thirteen thousand seven hundred twenty-seven shares (13,727 shares) of stock ownership of Buckingham Village Resorts, Inc. (BVR Cooperative). All shares issued by BVR Cooperative were issued only to the Company. No other shares have been issued by the related cooperative corporation.

Accounting Method

The Company's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the related liability is incurred. Beginning May 1, 2003, one hundred percent (100%) of the sales of timeshare units are recognized as income in the period in which the sale occurred. Prior to May 1, 2003, revenue was based on the percentage of total amounts received in the current period (See Note J - Revenue and Total Sales).

Cash

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. As of April 30, 2006 and 2005 cash included only demand deposits with HSBC, JP Morgan Chase Bank, N.A. and the Bank of Greene County, money market accounts with A.G. Edwards and Investor's Marketplace and Escrow accounts.

Property and Equipment

Property and equipment are stated in the balance sheet at cost and do not purport to represent replacement or realizable value. Upon sale or retirement of items, the cost and related accumulated depreciation are eliminated from the respective accounts and the net difference, less any amount realized from disposition, is reflected in earnings.

NOTTINGHAM VILLAGE DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2006 AND 2005

NOTE D - MORTGAGES RECEIVABLE - CONTINUED

Commencing during the year ended April 30, 2004, the Company entered into an agreement with Sedgwick Capital to locate financial institutions to subsidize the financing of timeshare units sold on an installment basis. These are referred to in the financial statements as Mortgages Receivable - Other. Payments are received by Sedgwick Capital directly from timeshare purchasers, thus reducing the mortgages receivable balance shown in the financial statements. For the years ended April 30, 2006 and 2005 the Mortgages Receivable - Other balances were as follows:

	2006	2005
Current portion due to Company	\$ 805,695	\$ 938,512
Long term portion due to Company	2,892,393	2,408,446
Total Mortgage Receivable	<u>\$ 3,698,088</u>	<u>\$ 3,346,958</u>

NOTE E - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at April 30, 2006 and 2005:

	2006	2005
Land	\$ 1,547	\$ 1,547
Office Equipment	25,332	24,332
Computer Software	2,257	2,257
Equipment	5,673	5,673
Vehicles	32,041	32,041
Rental Houses	191,806	191,806
Rental House Improvements	8,802	None
Buckingham Improvements	None	352,168
Buckingham Furniture & Fixtures	None	23,581
Buckingham Equipment	None	5,708
Buckingham Land Improvements	None	23,439
Total Property and Equipment	<u>267,458</u>	<u>662,552</u>
Accumulated Depreciation	<u>(69,161)</u>	<u>(55,804)</u>
Total Property and Equipment	<u>\$ 198,297</u>	<u>\$ 606,748</u>

NOTE F - COOPERATIVES STOCK

Stock - Friar Tuck Resorts, Inc.

As of May 1, 1989 the Company owned 100% of the stock of Friar Tuck Resorts, Inc. (Note A). The Company's basis of the stock on that date was \$501,015. On May 1, 2004 an additional amount of \$370,935 was added to the basis due to the net cost of fixed assets transferred to Friar Tuck Resorts, Inc. (See Note B). For the years ended April 30, 2006 and 2005 the decrease in basis in

NOTTINGHAM VILLAGE DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2006 AND 2005

NOTE F – COOPERATIVES STOCK – CONTINUED

due to net stock sold was \$All transactions for the year ended April 30, 2005 resulted in a net increase in the basis of stock in the amount of \$39,161 and \$328,764, respectively. The following schedule illustrates Friar Tuck Resorts, Inc. stock still owned by the Company and the stock sold:

	2006	2005
Total Basis of Stock Available at May 1, 2005 and 2004	\$ 543,186	\$ 653,285
Less: Net Stock sold to timeshare owners	(39,131)	(110,099)
Remaining basis of stock held by the Company	\$ 504,055	\$ 543,186

On March 17, 1999 the State of New York authorized an amendment of the Articles of Incorporation of Friar Tuck Resorts, Inc. The Amendment increased the number of authorized shares of stock of Friar Tuck Resorts, Inc. to 45,450,000. The previous number of authorized shares was 20,376,000. The price per share of stock for the years ended April 30, 2006 and 2005 was \$.024081 and \$.023283, respectively

Stock – Buckingham Village Resorts, Inc.

As of May 23, 2005 the Company owned 100% of the outstanding shares of stock of Buckingham Village Resorts, Inc., representing thirteen thousand seven hundred twenty-seven shares (13,727 shares) (See Note A). The Company's basis of the stock on that date was \$578,244. The net decrease in basis of stock held for sale for the year ended April 30, 2006 was \$69,699. The following schedule illustrates the stock still owned by the Company and the stock sold:

	2006
Transfer of BVR Cooperative Stock to Company May 23, 2005	\$ 578,244
Less: Net Stock sold to timeshare owners	(69,699)
Remaining basis of stock held by the Company	\$ 508,545

The price per share of stock for the year ended April 30, 2006 was \$42.12.

NOTE G – INVESTMENT IN FRIAR TUCK INN OF THE CATSKILLS, INC.

On April 30, 2004 the Company purchased one hundred percent (100%) of the outstanding shares of Friar Tuck Inn of the Catskills, Inc. The investment in this stock resulted in an increase of assets for \$1,500,000 and payables to the previous four individual stockholders for \$375,000 each. As of April 30, 2006 and 2005, the loans payable reflect total amounts due net of amounts paid out to the individuals. The financial statements reflect the liabilities as Stock Loans Payable to Rocco Caridi, Salvatore Caridi, Steve Caridi and Frank Caridi, Jr.

A prior period adjustment in the amount of \$75,000 has been recorded in the comparative financial statements presented as of and for the year ended April 30, 2005 to reflect interest expense accrued on the loans not paid and corresponding increase to each of the four loans payable in the amount of \$18,750.